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**REC-WP 06/2009**



Working Papers on the Reconciliation of Work and Welfare in Europe

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**More and Better Jobs:**

**Conceptual Framework and  
Monitoring Indicators of  
Quality of Work and Employment  
in the EU Policy Arena**

Ramón Peña-Casas



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Working Papers on the Reconciliation of Work and Welfare in Europe  
RECWOWE Publication, Dissemination and Dialogue Centre, Edinburgh

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## **About the author**

Ramón Peña-Casas is sociologist with a complementary degree in Statistics. He has joined the team of the Observatoire social européen (OSE) in 2000.

His main fields of research are related to the follow-up and analysis of economic and social issues discussed in the European policy arena, notably from an empirical comparative perspective. His expertise concerns broadly the complex relationships between work, welfare and social protection (job quality; working poor, working conditions, restructuring, precariousness of work,...).

## **Abstract**

In the framework of the so-called Lisbon Strategy introduced in 2000 the European Union has put the synergy between quality and quantity of jobs in an overarching position as a mean to achieve the ambitious collective goal of becoming the most competitive knowledge economy capable of creating not only more but better jobs. In this chapter we will review how the issue of quality in work and employment has been introduced in European policy arena through the European Employment Strategy (EES) (section 1) and the related conceptual framework and monitoring indicators (section 2). We will discuss some of the results issued from the research on quality in work and employment in Europe (section 3). Although economic literature and the European rhetoric appear unclear about the real effectiveness of the virtuous synergy between quality and quantity of jobs we show that empirical findings suggest that relationship between both is nevertheless better apprehended in terms of synergies rather than in terms of supposed tensions or negative trade-offs.

## **Keywords**

Quality in-work, job quality, quality of employment, European Union, European Employment Strategy, indicators, Lisbon Strategy

## Introduction

Quality as an integrated concept applied to the issue of work and employment in the European labour markets has never been a prominent issue in research until recent years, although almost all of its individual components have been the object of various dedicated research. In this paper we will put into perspective the emergence of quality in work and employment (QWE)<sup>1</sup> issues in the European debate, through the Lisbon Strategy, and more specifically the European Employment Strategy. In a first section we will review how QWE has been introduced in European policy arena. In a second section we will describe the conceptual frameworks and indicators developed in the EU policy processes. Finally, we will briefly review and discuss some of the empirical results issued from the research on QWE in Europe. But, before fully entering into the subject, let us do some preliminary observations.

The first concerns the global issue of quality in the European debate. While this debate, and the focus of our paper, is on the question of quality applied to work and employment, it is worth to mention that initially the qualitative approach was more ambitious in the European debate<sup>2</sup>. The conclusions of European Councils (Lisbon, Nice) at the beginning of the new century and the 2000-2005 Social Policy Agenda put the promotion of quality in all areas of social policy as an essential factor for EU to achieve the goals it has set itself regarding competitiveness and full employment. The title of the 2001 European Commission' Communication "Employment and social policies: a framework for investing in quality" clearly identifies employment policies as only one field among others where there should be an investment in quality. Thus, the qualitative approach in the framework of EU policies should have concerned not only quality of work and employment but more broadly quality of employment policy, which is not exactly the same thing, and also other policy fields such as training, industrial relations and quality of social policy as a whole. Quality is described as being at the heart of the European social model and as a key element in promoting employment in a competitive and inclusive knowledge economy, linking the dual goals of competitiveness and cohesion in a sustainable way, with clear economic benefits flowing from investing in people and strong, supportive, social systems (European Commission, 2001a). As stated in the Communication the ambition is extended to all social policy areas as *«quality of social policy implies a high level of social protection, good social services available to all people in Europe, real opportunities for all and the guarantee of fundamental and social rights. Good employment and social policies are needed to underpin productivity and to facilitate the adaptation to change. They also will play an essential role towards the full transition to the knowledge based economy»* (European Commission, 2001a:3). At that time the concept of social quality was clearly endorsed by the European Councils and the Commission as one of the pathways to be followed for the development of social policy in Europe (Pieter D., Nickless J.A, 1999). This initial ambitious global approach has been substantially weakened in recent years. The qualitative assessments of training and industrial relations policies or social policy as a whole have never been really undertaken, and the impetus on QWE has progressively decline since 2003, although still currently present in discourses. Nevertheless, "quality in-work" remains officially one of the main pillars of the

European Employment Strategy (EES) and more broadly of the revamped Lisbon Strategy (Growth and Jobs Strategy), aimed at creating more and better jobs in a global knowledge economy.

Our second remark concerns the dual and subjective nature of QWE. The dual aspect of quality assessment, which can be focused on good or bad patterns of QWE, may lead to very different analyses. The QWE can also be seen in contradictory terms according to the employer or the worker view of the question, notably on issues related to wages or flexibility. Apparently, the European discourse privileges the latter, assuming that the overarching message of the Lisbon strategy and the European Social Agenda implies a focus on individuals and is coherent with the supply side orientation of the European Employment Strategy. Nevertheless, the real orientation of current EU policy, especially since 2005 with the revamp of the Lisbon Strategy into the Growth and Jobs Strategy and the integration of Employment Guidelines with the Broad Economic Policy Guidelines into a common package, indicates that current focus is much more on QWE as a productive factor from an employers' perspective.

Thirdly, the determination of the positive or negative features of a job from individual but also policy perspectives is essentially subjective. As underlined above the understanding and conceptualisation of the QWE are not neutral and depend on normative elements linked to policy assessments. Furthermore, the perception that workers may have of the quality of their job is also deeply anchored in the normative and institutional contexts of the society they live in, notably the alternative provisions of social protection schemes, but may also vary according to their individual trajectories and histories and their relative position in society according to various factors. The perception of job quality differs according to the social and professional status of the individual and the contractual arrangements of its job. The perception one may have of the job quality can be quite different for an unemployed or an employee or a self-employee, for a permanent or a fixed-term contract worker, an involuntary part-time employee or a voluntary one, a low-skilled worker or a manager, and more broadly between women and men, young or old workers, a single or parent employee, migrant or someone issuing from an ethnic minority, in good health or disabled, ... The 'values' considered as important in the employment and the way they are organised into a hierarchy differ from person to person. Various studies on the psychosocial aspects of work have highlighted the ranking variability of personal issues (such as interest of the work, possibility to work in an independent way, self accomplishment, degree of personal power implied by the job, prestige of the function, work helpful to the community, helpful to others,...) among more intrinsic job characteristics (level of remuneration, available free time, flexibility of working hours, job security, advancement possibilities...). This variability is not only related to the cultural and normative background but could also change across time according to evolutions of conjuncture. Furthermore, the security of employment can be the most important criterion of quality in a period of economic crisis while others criteria may seem more important in more clement times (Gallie and Alm, 2000; Leontaridi and Sloane, 2001). However, this 'relative' nature of the perception

of QWE does not preclude the existence of more objective components of QWE, but it pleads in favour of a wide multidimensional approach of the concept founded on a combination of objective and subjective items.

### **Quality of work and employment in EU policy framework**

The debate at European level on QWE starts in 2000 in a context of emerging cooperation between Member States in the field of employment and social policies, based on the introduction of ‘soft law’ methods of governance such as the «Open Method of Coordination» (OMC), developed by EU in order to promote coordination in fields under strict competency of Member States (subsidiarity), like employment and social policies. This introduction was seen as a counterpart to the strengthening of monetary and economic integration and the absence of reference to employment or unemployment in macro-economic coordination procedures (Pochet & Zeitlin, 2005). However, it should be noted that a first impetus to the improvement of job quality was already given in the early Nineties through ‘hard law’, with several Directives related mainly to health and safety at work, while in the same period the process of European social dialogue was also launched to regulate at European level different qualitative work issues, concerning work organisation notably.

QWE has been officially put in the agenda of European policies since the European Council in March 2000 when the so-called Lisbon Strategy was launched. As central element of this strategy, Europe aims at creating both more and *better* jobs. The Social Policy Agenda and the European Council of Nice in 2000 further stressed the need to extend the notion of quality to the whole of the economy and society, including the quality of social policy as a whole but also training and industrial relations policies. The Stockholm European Council in 2001, establish QWE as a general horizontal objective in the Employment Guidelines, meaning that all the guidelines should be evaluated from a quality perspective, as it was already the case for other horizontal issues such as gender equality or non discrimination. Various indicators to monitor QWE have been adopted at the Laeken European Council in December 2001 (see below). It is also in 2001 that the European Commission issued its first Communication on QWE (European Commission, 2001a). This period could be depicted as the ‘golden age’ of QWE in European policy arena, determined by the succession of four supportive presidencies of the EU (Portugal, France, Sweden and Belgium), in a period of sustained economic and employment growths combined with the political context of a majority of left wing and social-democrats governments among the Member States. QWE was also clearly supported by the Directorate-General for Employment and Social Affairs of EU Commission and also the work of the Foundation for the Improvement of Living and Working Conditions (see further). The emphasis on QWE was also supported by the work of other international institutions such as the International Labour Organisation which was introducing at that time its «Decent Work» agenda or the OECD with the redesign



of its employment strategy following the twin of the EU objective of more and better jobs (OECD, 2003).

The following presidencies of the EU and the new European Commission were not so prone in promoting QWE. The disappointing evaluation of the EES in 2003, combined with the increase in unemployment and the weakening of social democratic parties leadership among Member States in the 2000s have limited the willingness to push further the issue of QWE. The report of the European Experts Group on Employment led by Wim Kok in 2003, which could be seen as representative of this shift in the focus on QWE in European arena, consider only quantitative aspects of employment and incentives to work with only very weak reference to QWE (Kok, 2003). Furthermore, the 2004 enlargement of the EU has also contributed to declining trend of QWE in policy priorities. Nevertheless, due to a “locking effect”, which implies that once a concept has appeared in the European policy field and has been approved by the European institutions it cannot easily disappear, the issue of QWE remains present in European debate. QWE is still one of the pillars of the current revised EES and of the Growth and Jobs Strategy and is also still present in the Social Policy Agenda for 2005-2010. But its understanding has substantially changed: it is no longer presented as a crucial element to foster well-being of European citizens and workers or the European Social Model but increasingly interpreted in terms of job productivity and financial attractiveness for job creations (Davoine and Erhel, 2006).

More uncertainty on the meaning of QWE in European Union has been added recently after the conclusions of the 2007 Spring European Council which stresses *«the importance of « good work» and its underlying principles, i.e. workers' rights and participation, equal opportunities, safety and health protection at work and a family-friendly organisation of work.»* (European Council, 2007:3). Is «good work» with its limited definition to four broad dimensions the new understanding of QWE in EU? The crucial question of flexicurity, which was initially understood as one of the composing dimensions of QWE, is now put in an overarching place in European discourse on employment, but with weak reference to its contribution to the improvement of QWE, as well as to the security of European workers and citizens (Keune, 2008).

There is also some ambiguity and confusion in the nevertheless welcomed recent commitment of EU to sustain Decent Work by endorsing European Commission proposals to strengthen EU policies, actions and programmes so as to promote decent work both within the Union and worldwide, especially when it emphasizes that *« (...) in order to strengthen the competitiveness of the EU in a socially sustainable way, it is important to improve productivity by promoting decent work and the quality of working life, including health and safety at work, combining flexibility and security, life-long learning, good working relations as well as better reconciliation of work and private life.»* (EU EPSCO Council, 2006:3). Will the decent work approach of the ILO, which is by definition more universalistic and with much less possibilities of indicators given the scarcity of data sources<sup>3</sup>, replace the EU QWE approach in the future? We do not have currently answers to these questions but they are symptomatic of the weakness and variability

of the concept of QWE since its introduction in EU policy arena in 2000. This variability is also related to the fact that QWE is clearly a political issue in the EU, varying with waves of political supports, rather than a structural one, as it should be. If the concept is still alive from a policy perspective the in European discourse through different integrated Strategies, its meaning has become more blurred currently.

## **Conceptual frameworks of QWE in EU**

Before going further in this section it is important to underline that the aim here is not to assess the most accurate framework for measuring QWE from an academic perspective<sup>4</sup>. In this section we will describe two conceptual frameworks currently in use in EU concerning the issue of QWE. Given their use in the European arena they are not only driven by scientific considerations but rather by policy and also data constraints. In other words, they should concern topics where the EU has certain competencies and also be the fruit of a form of consensus among Member States concerning their use in a policy framework, even if it is a 'soft' one such as the EES. They are also driven by data considerations as the indicators used for the monitoring must authorise a comparative perspective between Member States but also certain regularity in their collection.

### **Conceptual framework of the European Foundation**

The first of these European conceptual frameworks has been developed by the European Foundation for the Improvement of Working and Living Conditions (European Foundation), while the second results from the institutional approach in the context of EES. It is worth to mention that the latter is having more influence in policy terms. These two conceptual frameworks have common roots and were established during the Belgian Presidency of the EU in 2001. The European Foundation set a working group on QWE indicators at the request of Belgian Government at the beginning of 2001. Its aim was to explore the issue of QWE and to make a report and organise an international conference during the Presidency (European Foundation, 2001b). This group was composed by academic experts, representatives from the Commission and also the ILO. The work of this group was also followed by members of the sub-group indicators of the Employment Committee (SGI-EMCO) in charge of the development of the QWE indicators in the framework of EES. Both processes were thus feeding each other mutually. The main difference resides in the constraints surrounding these two processes, which explain their different outputs. The European Foundation working group was more open to external considerations and less limited by policy constraints than the SGI-EMCO which by definition needed to reach a consensus among representatives of Member States and to be clearly situated in the perimeter of EU policy arena.

As mentioned above, the work of the European Foundation was to a certain extent less limited by policy constraints and led to a conceptual framework more

‘scientifically’ driven. Nevertheless, it is partly data driven as one of the preoccupations of the European Foundation was also to maintain certain coherence between this model and the topics covered by their own surveys, notably the one on working conditions. Four dimensions are determined as essentials to promote QWE: ensuring career and employment security; maintaining and promoting the health and well-being of workers; developing skills and competences; and reconciling working and non-working life. Each of these dimensions includes various sub-topics<sup>5</sup>. The following figure illustrates the conceptual framework on QWE of the European Foundation.

The European Foundation has produced various reports since 2001 which analyse QWE in Europe using this conceptual framework (European Foundation: 2002a, 2002b, 2005). Furthermore, the model of QWE is used by the Working Conditions Unit of the European Foundation to organise available information coming from the various researches undertaken.



**Figure 1:** Conceptual framework for QWE of the European Foundation

*Source: European Foundation, 2002*

### Conceptual framework used in the European Employment Strategy

As mentioned earlier the conceptual framework for QWE in Europe was introduced by the 2001 Communication of the Commission (European Commission, 2001a). In order to provide a framework of analysis of QWE, the Commission

identifies clear policy objectives and standards, and develops appropriate indicators to measure performance against those objectives. The main elements of QWE are grouped into two broad categories:

- *Job characteristics:* objective and intrinsic characteristics, including: job satisfaction, remuneration, non-pay rewards, working time, skills and training and prospects for career advancement, job content, match between jobs characteristics and worker characteristics;
- *The work and wider labour market context:* gender equality, health and safety, flexibility and security, access to jobs, work-life balance, social dialogue and worker involvement, diversity and non-discrimination.

Ten dimensions of QWE are proposed and related to key policy objectives and the main policy instruments involved in their concretisation. The following table summarises these elements.

Dimensions	Key policy objectives and standards	Main instruments
<b>1. Intrinsic job quality</b>	Jobs ought to be intrinsically satisfying, compatible with a person's skills and abilities, and provide appropriate levels of income.	EU and MS economic and social policies in general, Broad Economic Policy Guidelines, European Employment Strategy, Social Partners
<b>2. Skills, life-long learning, and career development</b>	People ought to be able to develop their potential abilities to the full through appropriate support for life-long learning.	Education and Life-Long Learning policies, legal framework, including mutual recognition of qualifications
<b>3. Gender equality</b>	Labour markets should offer equal opportunity for men and women in respect of equivalent value jobs, and in terms of life-time careers.	European Employment Strategy, legislation, social partners, action programmes
<b>4. Health and safety at work</b>	It has to be ensured that working conditions are safe, healthy and supportive – in both physical and psychological terms – of sustainable participation and employment.	New health and safety strategy, including legislation backed by monitoring and benchmarking, social partners
<b>5. Flexibility and security</b>	An appropriate balance between flexibility and security is called for to encourage positive attitudes to change at the workplace and in the labour market. This requires appropriate support for those who lose their jobs or are seeking an alternative, as well as encouragement for the full use of abilities and flexible career choices through appropriate support for occupational and geographical mobility.	Open method of coordination, taxation, legislation, social partners, transferability of supplementary pension rights, information and agency support
<b>6. Inclusion and access to the labour market</b>	Access to and inclusion in labour markets should be increased, including for those entering the labour market for the first time or after a period of unemployment or inactivity, and allow them to stay in the labour market.	European Employment Strategy, Public employment services at EU level, European Social Fund, Corporate social responsibility, work on local development
<b>7. Work organisation and work-life balance</b>	Working arrangements, especially those concerning working time, together with support services should allow an appropriate balance between working life and life outside work.	European Employment Strategy, legislation, social partners
<b>8. Social dialogue and worker involvement</b>	All workers should be informed about and involved in the development of their companies and their working life.	Social partners cooperation, legislation
<b>9. Diversity and non-discrimination</b>	All workers should be treated equally without discrimination in terms of age, disability, ethnic origin, religion or sexual orientation.	European Employment Strategy, social partners, action programmes, European Social Fund (EQUAL)
<b>10. Overall work performance</b>	High levels of labour productivity and high living standards across all regions of the Community	Economic policies and structural policies

**Table 1:** Dimensions, policy objectives and main instruments of QWE in EU EES*Source : European Commission, 2001a*

The ten proposed dimensions of QWE, as well as the key policy objectives attached to these dimensions, clearly encompass the content of the Employment Guidelines and more broadly of the EU social policies. QWE is seen as a multidimensional issue integrated in a holistic approach. This multidimensional policy driven approach encompasses a double perspective, which is the measurement of quality in work through certain aspects but more broadly tends towards the measurement of quality of labour markets. Improvements in productivity and employment growth are expected to result from improvements across all dimensions. Let us just note here the particular nature of the tenth dimension, «overall work performance», which consists in the evolution of productivity growth, among the other dimensions of QWE. Contrarily to the other dimensions it is linked to outcomes of QWE rather than factors that could improve it. This supplementary dimension was added at the request of the DG Economy and Finance as a “safeguard” to clearly focus the scope from its perspective on the relationship between QWE and productivity. This strong focus on productivity has become more obvious in the following years and in the revised EES and Jobs and Growth Strategy, where QWE and productivity are associated as one of the three main strategic pillars, but mainly through a message on the necessity to increase productivity in order to foster economic growth rather than on the contribution of QWE to collective well-being. In the EU discourse, the improvement of QWE is related to two major expected effects and a minor one.

First, improving QWE makes work more attractive and stimulates employment growth. Good quality jobs are expected not only to encourage ‘outsiders’ of the labour market to (re)enter in employment but also to limit the number of ‘outsiders’ by preventing early exits. Women and aged workers are especially targeted, which is coherent with the objectives of the Lisbon Strategy. This focus on attractiveness of work has also to be related with the so-called «Make Work Pay” policies which have gained these recent years a rising importance in EU approach. We are not going to develop this aspect here, but just keep in mind that the objective is the same.

Second, improving QWE is expected to have a positive influence on the levels of productivity of European workers and thus foster economic growth. Various studies have demonstrated that increasing skills and more globally satisfaction of the workers has a positive impact on the development of productivity (Llorente and Macias, 2005, Crouch et al, 1999). Improvements in work organisation and in working conditions also contribute to raise productivity (De Greef and Van Den Broeck, 2005). More ‘skills-friendly’ jobs are also coherent with the knowledge economy vision sustaining the Lisbon Strategy. It should also be noted that improvements in general living standards may also contribute to foster productivity (Banting et al, 2002).

Finally, and this is the minor outcome in economic views, higher quality jobs have also a positive impact on reducing poverty and social exclusion and thus improve social cohesion. In fact, this is related to the first point we mention but more targeted on poor and working poor populations. The improvement of QWE is

expected from one side to capture on the labour market some of the ‘outsiders’ by making work more attractive, and from the other side to prevent exits of those already working but in low pay, low skill and dead-end jobs.

Thus, in the vision of QWE at European level we are clearly in an approach in terms of ‘virtuous complementarities’ between economic, employment and social policies, which is the cornerstone of the Lisbon Strategy. But are these complementarities really efficient? According to Davoine (2006), who reviews the economic literature on the links between quality and quantity of employment, arguments can be found to support both positive and negative relations. From the positive side, as we mention above various studies underline the correlation between higher levels of worker’s job satisfaction, investment in training and human capital as well as good working conditions to increase productivity and thus competitiveness and economic growth. Bad working conditions and increased pace of work have also an economic cost, notably in terms of accidents at work and demotivation (see Employment in Europe 2002). So, QWE can affect positively economic growth. But concerning the effect of QWE on employment it is not so clear. Some contributions of economic literature underline the possibility of a negative relation between improvements in job quality and employment growth. Reviewing some statements of the economic literature, Davoine notice that there could be an negative correlation as upturn of economic growth could be linked to a slowdown of hiring behaviour by firms combined with a work intensification and an increase in the number of accidents (Bouvet and Yahou, 2001) or that in a longer term perspective, the effects of high demand and technical progress on the quality of employment are unclear (Rubery and Grimshaw, 2001). Other studies highlight the uncertain link between quality of working life and performances of the firms (Pruijt, 2003). More generally, Keynesian economists may consider that making work attractive does not appear to have an impact on the employment rate as employment quantity is mainly driven by demand by firms and economic activity trends, the effect of job quality influencing mainly the supply side of the labour market. Reversely, in a neo-liberal economic perspective rising costs linked to improvements of QWE in terms of workplaces, investment in training or wages are perceived as negative factors preventing employers from hiring people (Davoine, 2006). Confronting this vision, there is a growing amount of empirical evidences showing a positive relation between improvements in job quality and employment growth and productivity. We will come back later on the tensions between quality and quantity of jobs in the discussion of empirical evidences.

## Indicators of QWE in EU

At the European Council of Laeken in December 2001 the indicators to monitor the QWE in the EES were officially endorsed. These indicators were proposed by the Employment Committee and its sub-group indicators starting from the proposals made in the 2001 Commission’ Communication on QWE. A wide set of indicators was selected to cover the ten identified dimensions of QWE. The indicators are

organised into a hierarchy of three different categories depending on the level of their policy use in the framework of the EES. Eight key indicators are defined to measure progress in relation to the EES, and thus linked to the objectives of the Employment Guidelines. A more extended set of 23 context indicators is used to support the analysis of the National Action Plans for employment in the Joint Employment Report by putting national policies and performances into perspective. Finally, a number of possible additional context indicators which require further work and/or additional sources are identified. Many of these indicators are not new and were already used both to follow the EES or the Lisbon Strategy (Structural Indicators). We will just briefly review here some of the key indicators as they play a central role in the evaluation of QWE in the EES. We must mention here that some relevant indicators of QWE from a scientific perspective are not commented here as they are considered as 'context' indicators in the EES; we refer the reader to the full list of EU indicators of QWE, included in table A in annex, to have a complete overview of EU QWE indicators. For instance 'job satisfaction', which is seen as a central indicator of QWE in many conceptual frameworks, is set here as a 'context' indicator in the dimension 'intrinsic job quality', reflecting the national variability due to its subjective nature. Thus, it is important to take into account the full list of indicators (key, context and to be developed) of the EES when trying to evaluate the Laeken indicators from an academic perspective. It is also equally important to keep in mind that the choice of these indicators is driven by various considerations which are not of academic nature. Their availability on a timely base (generally one year) for all EU countries, as well as a consensus among Member States representatives on their meaning and policy interpretation are the prevailing factors in the choice of these indicators. The key indicators are listed below:

1. *Intrinsic job quality*: Transitions between non-employment and employment and within employment by pay level (source: European Community Household Panel – ECHP);
2. *Skills, life-long learning and career development*: Percentage of working age population participating in education and training (source: Labour force survey – LFS);
3. *Gender equality*: Gender wage gap - Ratio of women' hourly earnings index to men' for paid employees at work 15+hours (source: ECHP);
4. *Health and safety at work*: The evolution of the incidence rate, defined as the number of accidents at work per 100.000 persons in employment (source: European Statistics on Accidents at Work – ESAW);
5. *Flexibility and security*: Number of employees working voluntary and involuntary part-time as % of total number of employees and of those with voluntary and involuntary fixed-term contracts as % of total number of employees (source: LFS). (This should be accompanied by information on the extent to which part-time and fixed-term workers enjoy equivalent and commensurate entitlements to social protection and legal rights as full-time and permanent workers);
6. *Inclusion and access to the labour market*: Transitions between employment, unemployment and inactivity (source: ECHP);



7. *Work organisation and work-life balance*: Absolute difference in employment rates without the presence of any children and with presence of a child aged 0-6, by sex (age group 20-50) (source: LFS);
8. *Social dialogue and worker involvement*: no key indicator;
9. *Diversity and non-discrimination*: no key indicator;
10. *Overall work performance*: Growth in labour productivity, measured as change in the levels of GDP per capita of the employed population and per hour worked % (source: Eurostat, DG ECFIN).

We first note that despite common sense there is no mention of earnings as a fundamental parameter of employment quality. The policy objective linked to the 'hybrid' dimension on 'intrinsic job quality' refers yet among the qualities of a job that it should ensure decent levels of income<sup>6</sup>. The initial proposal of the Commission in 2001 suggests as possible indicators for this dimension the proportion of low wage earners, working poor or the income inequality share (S80/S20). But the Employment Committee could not reach a consensus among Member States representatives on the inclusion of indicators on earnings. Certain Member States opposed the Article 137 §6 of EU Treaty which explicitly excludes the issue of remunerations from EU competences and debate (paragraph 6: "The provisions of this Article shall not apply to pay, the right of association, the right to strike or the right to impose lockouts"). Instead, an indicator on wage progression within work was adopted, reflecting the view that good quality jobs should imply also regular wage progressions. The absence of earnings among the parameters of QWE could be seen as one of the main drawback of the EU conceptual and analytical frameworks. It highlights clearly that both are highly determined by policy considerations rather than scientific ones.

Among the missing indicators we note also the absence of indicators related to work intensification. Various studies highlight for instance the fact that if job satisfaction do not raise or even decline despite observed improvements of working conditions it may be due to an increased pace of work (European Commission, 2001b, Green, 2006, Peña-Casas and Pochet, 2009). The dimension 'work organisation and work life balance' could have included related indicators. An indicator on 'flexible working arrangements in particular in relation to working time arrangements' is mentioned in the list of the indicators that require further work in this dimension. The learning aspects related to work are also insufficiently reflected in the Laeken' list. Beyond policy considerations, another reason for the absence at EU level of indicators on work intensification, and more widely of working conditions and health and safety at work, is related to data availability. The only European comparative source for such indicators is the European Working Conditions Surveys of the European Foundation. But this survey is undertaken only each five years and, despite their pertinence, indicators from this source are not used in the framework of EES policy monitoring, which is relying solely on annually updated indicators.

For two dimensions there are no key indicators. The first concerns the ‘social dialogue and worker involvement’, which is traditionally a sensitive issue characterised by strong divergences between Member States but also weak and polemical indicators. The EMCO just highlights a certain number of possible context indicators that require further work. In other words, countries could include such indicators in their national action plans but they are not considered as common European indicators given the lack of consensus on their definition and interpretation. The second is the dimension of ‘diversity and non discrimination’ where the absence of a key indicator is more related to the lack of adequate data to build an indicator on pay or employment gaps for disadvantaged groups of workers (migrants, disabled,...) rather than a lack of consensus. Context indicators on employment and unemployment gaps are nevertheless proposed for non EU citizens and disabled persons, mentioning that further work is needed to improve these indicators and include other disadvantaged groups. Let us notice also that for the dimension on flexibility and security the indicators in use just reflect the total share of part-time work and fixed-term contracts with no distinction between voluntary and involuntary participation, although the official denomination of the indicators reflects this distinction. It is needless to say that this distinction is important when trying to assess the issue of flexibility in qualitative terms.

But there are also positive aspects to be found in the Laeken list of indicators. The main innovation of the QWE indicators is the introduction for the first time in EES and more generally in the monitoring of EU policies of indicators on *transitions*. Building on the possibilities offered by the longitudinal properties of the European Community Household Panel (ECHP), no less than four indicators of transitions are introduced<sup>7</sup>. The use of transitions’ indicators places QWE in a dynamic rather than static perspective and highlights that QWE should also be comprehended as a process. This is heralding of a paradigmatic shift towards a redefinition of policy approach at European level in terms of lifecycle perspective. Recently, the discourse in terms of lifecycle has become more prominent in various policy debates concerning notably social protection (poverty and social exclusion, pensions ...) and employment policies (flexicurity). The concept of «Transitional Labour Markets» (TLM) has gained in influence these recent years (Schmid, 2006, Schmid and Gazier, 2002). It currently underpins the intensive debate on flexicurity at European level. Transitions are at the heart of the TLM approach. Starting from the acknowledgement that the classical model of full-time permanent work is increasingly challenged by the development of non-standard forms of employment and that individuals (notably women) are not only exposed to but also aspire to changes of status during their life course, the TLM theory emphasises the need to ease secured transitions between work, education and training, unemployment and inactivity, non-paid activity and family care. The point is to shift from labour market and social policies based on ‘insider-outsider’ logic to policies encompassing the whole lifecycle by securing professional trajectories, or to shift from security ‘in’ employment to security ‘of’ employment (Auer and Gazier, 2006). In terms of QWE this perspective highlights not only the importance of intrinsic characteristics of work but also the importance of other dimensions of ‘good’ employment to allow controlled and

voluntary flexibility or right to training and retraining, parental leaves or career interruptions. More broadly, what is at stake is to gain the control of time use during the life course to balance properly working and non working life. In this perspective the enlarged conceptual framework of QWE used in the EES appears adequate, as it encompass not only work but also labour market policy characteristics.

Another positive aspect of the Laeken indicators that is worth mentioning is the systematic consideration of a gender perspective, and increasingly of a non discrimination approach. In the 2002 European Employment Guidelines, quality in work was added to gender mainstreaming as transversal guidelines, meaning that each of the guidelines needs to be assessed according to these two perspectives. Although the highlighting of the gender dimension was not a specificity introduced by the QWE indicators, as gender was already present in the employment process since the launch of the EES in 1997, the Laeken indicators contribute to reinforce the integration of gender issues in a qualitative approach of labour markets outcomes. This very ambitious approach was unfortunately soon abandoned after the drastic revision of the EES and the Lisbon Strategy in the following years. Gender issues have also become less prominent in these European strategies since their ‘streamlining’ in the mid 2000s.

Finally, if we put aside the lack of certain key indicators for the reasons mentioned above, the set of indicators adopted in 2001 to monitor the issue of QWE in Europe appears to be relatively well balanced through its multidimensional approach. It is a good compromise between exhaustiveness on one hand and policy and data constraints that are inevitably operating at EU level on the other hand. Of course, some dimensions could probably have been more refined, depending again on data availability and policy consensus. But this is already a wide set of indicators (31 without counting those to be developed) and the analysis and following of these various indicators is complex, especially if we take into account some weaknesses underpinning the conceptual framework and some unclear relationships between the various dimensions. The Laeken indicators, and the multidimensional conceptual framework that they are reflecting, are above all designed to assess quality of labour markets and policies rather than ‘pure’ job quality. We insist again in saying that it is a policy framework rather than a academic one. Another major drawback is that despite their use to monitor policy processes such as EES or Growth and Jobs Strategy none of these QWE indicators are related to specific targets and objectives.

What is left of these indicators nowadays? Previously we have underlined that despite the relative invisibility of QWE in the current versions of the EES and the Growth and Jobs Strategy the issue is still present due to a locking effect and also the fact that QWE is still important for the European rhetoric (more and better jobs). The same happens with the QWE indicators. The table B in the annex shows the status of the 2001 QWE indicators among the indicators of the current EES, which is nowadays integrated in a common package with the Economic guidelines. We can see that nearly all the QWE indicators are still used, although they are now spread among the 7 remaining Employment Guidelines and no longer specifically analysed

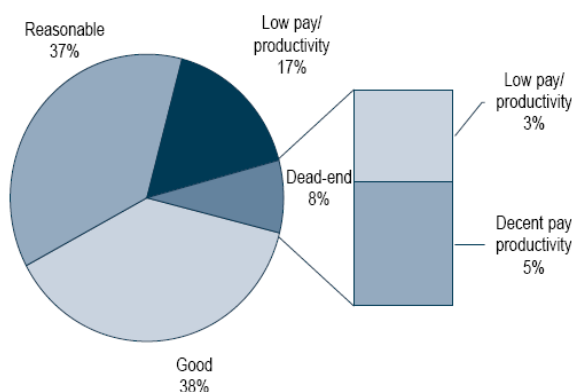
and referred to in terms of QWE. Ironically, these indicators are now only referenced as QWE indicators in the column 'other use', as if QWE was now a process totally distinct from the EES.

### **Some empirical findings on QWE in EU**

The set of indicators on QWE described above has been barely used to undertake detailed comparative studies on the EU. Only a few institutional (Ministère de l'Emploi et du Travail de Belgique, 2002) and academic studies have taken into account this framework and the associated indicators in a comparative perspective (Davoine and Ehrel, 2006, 2008; Davoine, 2006; Davoine et al. 2008a, 2008b) or applied to national context (Fremigacci and L'Horty, 2005).

The main user of this framework has without any doubt been the European Commission itself. In 2003 a Communication is issued to assess the EU situation in terms of QWE and the progress made by Member States in its improvement as well as policies dedicated to that objective. The evaluation is mitigated and underlines that if some improvements are noticeable much is still to be done. Obviously, many Member states have not really integrated the QWE approach in their national policies (European Commission, 2003). But the main analytical effort of the Commission has been done in the framework of the 'Employment in Europe' annual reports (EIE). During three consecutive years the reports include a specific chapter on the issue of QWE under different angles. In the EIE 2001 various job quality categories are elaborated and transitions from 'bad quality jobs' to 'good' ones are studied. The report review QWE in the EU and its Member States with a specific attention to the links with social exclusion. The EIE 2002 analyses in detail the link between QWE and labour market dynamics and the synergies between QWE and productivity and employment growth. In 2003, the EIE report examines the relations between flexibility, security and QWE. In 2004, although not directly mentioning QWE, the EIE report devotes a chapter to the study of highly related issues concerning temporary employment and low-pay in terms of labour market transitions and advancement. It is worth to underline here the contribution of the various studies of the EIE reports to promote an approach in terms of transitions building on the longitudinal possibilities of the ECHP. In the recent years the EIE reports did not contain any specific reference to the issue of QWE, although the EIE 2005 devote a chapter to the inactive population with a section on transitions in and out employment but with a focus on employment growth rather than QWE. It is nevertheless unclear if this is only reflecting the relative abandon of the QWE issue at European level or also the fact that all the possibilities of analysis, notably in terms of transitions, of the ECHP were exhausted and are not yet possible with the EU-SILC survey which has been only recently implemented in all Member States. Finally, the EIE 2008 report includes again a chapter on QWE, discussing the Laeken indicators and elaborating a taxonomy of job quality 'regimes'. In the continuation we will briefly review some of the main findings emerging from the various studies undertaken in the EIE reports.

The 2001 EIE has devoted a chapter, as mentioned earlier, to the question of the extent of bad and good quality jobs in Europe and the possibilities of transition from one situation to another. The report notice first that the evolution of job quality in the EU in recent years was generally positive, with the noticeable exception of working conditions which do not seem to have improved. To assess the incidence in Europe of ‘good’ and ‘bad’ jobs different quality categories are built using three main dimensions of ‘intrinsic’ job quality: job security, access to training and career development, and hourly wages (considered as an indication of productivity). Four different types of jobs are distinguished: “dead-end jobs”, “low pay/productivity jobs”, “jobs of reasonable quality” and finally “jobs of good quality”<sup>8</sup>. The following figure shows the incidence of these four jobs categories for EU in 1996.



**Figure 2: Incidence of job quality types in EU – 1996 (share of employed in respective job category)**

*Source: Chart 107 (ECHP 1997), European Commission, 2001b*

Figure 2 illustrates clearly the existence of a two-tier labour market in the EU. If three quarters of all jobs are of good or reasonable quality according to the criteria mentioned above, one quarter of European workers are in low quality jobs, and 8% are occupied in dead-end jobs. The 2002 EIE indicates more less the same repartition of workers among the different types of job quality for the year 1998. This means that at that time around 37,5 millions of EU workers are in low quality jobs and that around 12 millions of them are occupied in dead-end jobs.

The 2001 EIE report shows that exposure to low quality jobs varies significantly according to individual, contract or occupational characteristics:

- Women are more present in low quality jobs than men. Approximately one woman on three is in a low quality job against one man on five. Furthermore, the gender pay gap is biggest in the group of jobs of low pay/productivity;

- Young workers are more likely to be in jobs of low pay/productivity, and the young are also much more likely to be in precarious jobs with low pay and without any further training (63% of young European workers). 17% of young workers are in «dead-end jobs»;
- Low-skilled workers are much more present in «low pay/productivity jobs» (23%) and «dead-end jobs» (12%);
- There are no significant differences in job quality between industry and the service sector (23% of all jobs of lower quality) but in agriculture almost 60% of jobs are of relatively low quality;
- More than a third of low skilled or unskilled manual jobs are of rather low quality, compared to high-skilled non-manual jobs which are virtually all of good quality unless badly paid;
- The highest share of dead-end jobs of low quality is found among temporary contract workers, and especially among temporary workers in part-time jobs. More than three quarters of these jobs are of low quality and almost two thirds can be characterised as «dead-end jobs»;
- 14% of all part-time jobs are «dead-end jobs» and 25% are «low pay/productivity jobs». But there is a strong difference according to the voluntary or involuntary nature of part time work. There is a much higher share of low quality jobs among involuntary part time workers: 57% are in jobs of poor quality (26% in «dead-end jobs» and 31% in «low pay/productivity jobs»). By contrast, only one third of voluntary part time workers are in low quality jobs (14% in «dead-end jobs» and 20% in «low pay/productivity jobs»);
- Significantly lower levels of job quality are found in jobs with low tenure. Among those having one year or less of tenure, more than 40% have jobs of relatively good quality, a quarter low pay/productivity jobs of intermediate quality, and almost a third are in «dead-end jobs» .

When looking at transitions from bad to good quality jobs from one year to another, the report highlights that even if there is clear evidence of upward quality mobility especially for young workers, this mobility is much lower for low educated individuals in jobs of poor quality. Transitions from low quality employment to unemployment or inactivity are also much higher for women and low-skilled workers.

The report shows also that individuals at highest risk of social exclusion are not only low skilled individuals in (long-term) unemployment but also those working in low quality jobs. Acquiring high level of educational attainment and specific job-related training clearly are the best way to avoid such jobs of poor quality. This is concordant with the human capital approach of the Lisbon Strategy and the supply-side orientation of the EES. Nevertheless, if these jobs may be seen as a stepping stone to better jobs, the extent of transitions from low quality jobs to unemployment or inactivity indicates that this is not often the case. The report concludes that improvement of QWE strongly depends on concerted efforts to promote qualifications and (life-long) training, to ease young workers' access to the labour

market, to open up possibilities for career advancement, and to strengthen measures that help reconcile work and private and family lives (European Commission, 2001b).

The 2002 EIE report goes further in the study of transitions and investigates particularly the synergy between quantity and quality of jobs. First, the report confirms with fresher data (ECHP 1997 and 1998) the findings on job quality and transitions of the 2001 report. It confirms also the positive relationship between QWE improvements and subjective job satisfaction and their contribution to higher productivity. The contribution of job quality improvements to reduce the various gaps (age, gender, skills) is underlined as a precondition to increase substantially the level of employment.

In a very ‘positivist’ way, the report insist on the role played by improvements of QWE and upward quality dynamics to increase quantity of employment by maximising inflows from unemployment into employment while lowering outflows into unemployment from jobs of low quality. Starting from an econometric dynamic simulation, the report underlines that presumed negative quantity-quality trade-offs cannot necessarily be sustained in a dynamic framework. The increase in employment rate produced by the permanence in employment from those transiting from low to higher quality jobs is similar in importance to the rise of employment rate implied by increases in the inflow of unemployed people into low quality jobs. The report highlights particularly five positive effects that could be produced by an improvement in QWE and upward quality movements:

1. Higher employment persistence and job creation and lower risk of job loss, unemployment or social exclusion;
2. Improvements in work relationships which are likely to contribute positively to productivity through increased effort, efficiency, reciprocity and fairness in work relationships;
3. Improved adaptability and employability through human capital investments and training, in particular for the low skilled;
4. Increased labour supply through increases in the attractiveness of jobs, in particular for older workers and people with care responsibilities;
5. Increased incentives for labour market participation through a better work/family balance, in particular for women and people with care responsibilities, reduction in discrimination and the integration of weaker parts of the labour force into productive and social processes. (European Commission, 2002)

The 2002 EIE is a veritable plea in favour of a ‘new approach’ to ease transitions and the role played by QWE improvements in this perspective. It concludes that:

*«Quality improvements are both a necessary complement to structural change and increased labour market flexibility and a precondition for the sustainability of the improved employment performance. They are not «fair weather policies» that are acceptable only during economic booms becoming inappropriate for economic slowdowns. The scope for reinforced employment*

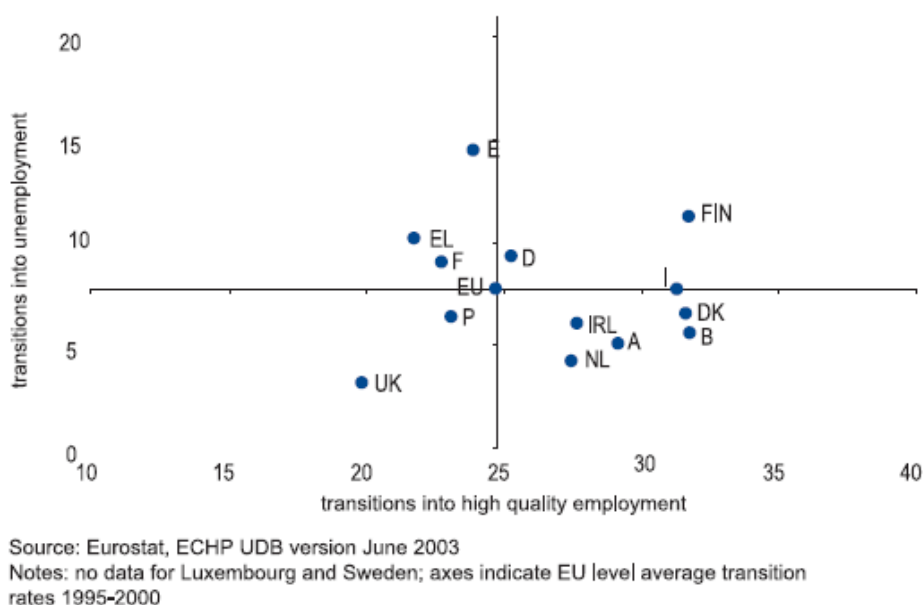
*creation in the coming upturn will depend crucially on both translating quality improvements into practice and strengthening the links between quantitative and qualitative aspects of employment creation.”* (European Commission, 2002:106-107)

The tone changes in the following reports. The 2003 EIE report is not so optimistic when examining the relation between flexibility, security and QWE. Noting the substantial increase in Europe of flexible working arrangements, it underlines that despite the strong employment growth observed during the second half of the 1990s there is no indication of significant changes in QWE. Furthermore, according to the EIE report, a negative relationship predominates between flexibility and higher job quality. Relatively high degrees of labour market flexibility seem to be consistent with major shares of employees in insecure employment relationships and thus at high risk of job loss, as well as employees in low paid, low productivity employment without access to training or further career development opportunities. The report highlights also the role of active labour market policies with a view to strengthening transitional labour markets to compensate increasing employment instability. QWE is thus seen as the obligatory complement to flexicurity given the important synergies existing between QWE and overall employment performance. It underlines also the important role of social dialogue and worker involvement for improving QWE and productivity of low quality jobs. The report notes that it is in the Member States with the best employment performances in the recent past that improvements in situation of workers in low quality jobs are also observed (Denmark, The Netherlands, Austria, Ireland and Spain). The share of employees in low quality jobs has generally decreased between 1996 and 2000 in the majority of EU countries although with different patterns of intensity. The decline is more marked in Belgium, Denmark, Austria, Ireland, Portugal or United Kingdom. But in Germany, France and The Netherlands there has been an increase of the share of employees in low quality jobs (European Commission, 2003b).

The 2003 EIE report includes very interesting results in a dynamic perspective, concerning the transitions of low quality jobs to higher quality jobs or into unemployment among the different EU-15 countries, as shown in the following figure.

At the end of the Nineties, Denmark, Belgium and to a lower extent Ireland, the Netherlands and Austria are the European countries experiencing not only the higher transitions rates from low quality jobs to higher quality jobs but also the lower transitions into unemployment. This is also the case of Italy but with slightly higher transitions into unemployment. Portugal and especially UK show under EU average transitions into unemployment but also lower upward quality mobility. Spain is characterised by much higher transitions from low quality jobs to unemployment than other EU countries while transitions to better employments are slightly under the EU average.





**Figure 3:** Average transition rates out of low quality employment on the period 1995-2000

*Source: Chart 95, European Commission, 2003b*

This is also the case in Greece and France but with less important transitions to unemployment. Finland is in particular position, combining one of the highest transitions rates from low to higher quality jobs with high level of transitions into unemployment. We should note here that if these results highlight different transitional performances between EU countries, the significance in terms of individual situations of these transitions may be also quite different according to the institutional settings of the countries. For instance, The highest transitions rates from low quality jobs to unemployment observed in Spain and Finland have different individual outcomes in these two countries given their relative differences in ‘generosity’ of unemployment benefits or possibilities of reinsertion into employment (European Commission, 2003b).

Even if not directly focused on QWE, the 2004 EIE report also contains some interesting findings on labour market transitions and the role of temporary employment and low paid work. Using all the waves of the ECHP (1995 to 2001) it offers for the first time a perspective on long-term transitions. Results show that around 16% of EU workers that were in precarious contractual arrangements are still in the same situation six years after, and that 20% of them have moved out of employment, more than for any other category of workers. Results on low-paid work indicate that long term persistence in this situation is in any case higher than for temporary employment. If 44% of low-paid workers increase their pay above the low pay threshold it is only after an average of seven years. After these seven years, 26%

are still in low pay and 30% of the low-paid are no longer working after this period, against 17% for those that were initially highly paid. This indicates clearly that low paid work is far from being just a short transitory situation, as claimed sometimes to justify low wage work and minimise its impact on European labour markets and workers' perspectives (European Commission, 2004).

The 2008 EIE report comes back to the issue of QWE in EU. The chapter on QWE in the 2008 EIE is mainly based on a report for the Commission and the work done by a French team of researchers (Davoine et al. 2008a and 2008b). Re-assessing the pertinence of the Laeken indicators to measure the QWE, the 2008 EIE report highlights the same problems we mention earlier (lack of certain crucial dimensions such as wages or work intensity, meaningless of the 10<sup>th</sup> dimension with its contextual macroeconomic indicators) but also the same positive aspects (multidimensionality, mix of objective and subjective measures, dynamic perspective). A more condensed framework of QWE is proposed, articulated on four main dimensions: socio-economic security, training, working conditions, reconciliation of working and non-working life and gender balance. As acknowledged in the report, this framework is very close to the one used by the European Foundation (see Figure 1 above). Multivariate analysis (PCA) applied on a wider list of job quality indicators than the Laeken list shows the importance of socio-economic and good working conditions as main factors of job quality (first axis). As suggested in the report, the correlation with better labour markets outcomes (higher employment rates, lower youth unemployment ratios, lower risks of working poverty) and higher productivity indicates that there is a synergy instead of a trade-off between quantitative and qualitative outcomes in the labour market. This confirms the results already presented in the previous EIE reports. However, it is also in countries with high wage/productivity and good socio-economic security that higher correlations are also noted with higher work intensification indicators. The second axis of the analysis highlights the importance of gender and educational issues. The analysis suggests a trade-off between female employment on the one hand and gender segregation factors (sectors, occupations, pay gap) on the other hand, as well as negative impact of initial low educational attainments on growth in labour productivity (European Commission, 2009).

What we will mainly retain from all these studies is that there is a converging body of empirical evidence showing the absence of a supposed trade-off or tension between job quality and job quantity, but that there exist on the contrary a significant synergy or complementary between both aspects of employment.

### **Job quality regimes in EU countries**

The 2001 and 2003 EIE reports indicated already that marked differences in job quality exist across European countries, but without really searching to highlight specific clusters of countries in terms of job quality. The observed differences were partly explained by differences in educational systems and employment structures across countries. Both reports show that according to the criteria they used to assess

good quality jobs (see footnote 9), QWE is significantly higher in the Netherlands, Belgium, Denmark, France and Finland, with relatively high proportions of «good quality» and «reasonable quality» jobs (80% or more). Germany, Austria, the United Kingdom and Luxembourg are in intermediate position, with relatively high shares of employed in «low pay/productivity jobs» but low incidence of «dead-end jobs». Spain and Greece particularly, but also Portugal and Ireland, show above average employment in both «low pay/productivity jobs» and «dead-end jobs». Let us notice here that a study by Davoine (2006), which covers the whole dimensions and indicators of EU framework of QWE presented before and use more sophisticated statistical methods, confirms more less these different order of countries in terms of QWE, although with some noticeable differences, notably concerning countries such as Ireland or the Netherlands. These divergences are mainly due to the fact that individual country' ranking varies depending on the indicator being used, and also that the «key indicators» from the EES are not strictly correlated. The Irish case is the most illustrative of this sensibility to the indicators used. From one study to another Ireland shift from the group of countries with the lower quality jobs (EIE 2001 and 2003) to the one with the higher QWE (Davoine, 2006). According to Davoine, it seems to indicate that if on one hand the 'intrinsic' job characteristics used by the EIE reports to build types quality of jobs (job security, access to training and career development, and hourly wages) may be significantly less favourable in Ireland than in other European countries (excepted the Southern countries), on the other hand the weight of other supplementary dimensions and indicators changes totally this opposition (Davoine, 2006).

The high level of job quality in Ireland, and also United Kingdom, is confirmed by more recent research. Using only the data of the 2005 European Working Conditions Survey and a framework of 15 dimensions of working conditions, Tangian also analyses job quality in the EU-27 countries (Tangian, 2007). European countries are ranked more or less in the same order, with a group of countries with high QWE (Nordic, Anglo-Saxon countries and Continental countries (excepted France)), a group with intermediate QWE (Southern countries excepted Greece, Slovenia, France) and a group with lower job quality (Mainly new Eastern Member States but also Greece) (Tangian, 2007). Other studies confirm approximately the same order of countries in terms of QWE within the EU, using also the data of the European Working Conditions Survey (Peña-Casas and Pochet, 2009), or based on a synthetic job quality index using different data sources (Leschke and Watt, 2008).

The 2008 EIE report, basing on the work undertaken by Davoine et al. (2008b), goes beyond the simple ranking of countries in search of the definition of job «regimes» in the European Union. We have no room here to reflect the huge amount of literature existing on the issues of «regimes», «clusters», «types of capitalism» or other denominations given to the various attempts to define aggregated groups of countries according to their institutional arrangements (industrial relations, labour market policies, welfare systems, educational systems,...). Among others, a brief literature review of these different aggregations could be found in some of the

publications already mentioned in this paper (Davoine et al., 2008b; Gallie, 2008; Peña-Casas and Pochet, 2009).

The aggregation is done using multivariate analysis applied to two different sets of indicators. The first is the job quality indicators list of Laeken. The second is composed by the same set but enriched by various other indicators filling the gap observed in the Laeken' list concerning wages, work intensity or aspects of training. Four groups of countries are resulting of the analysis:

- *Nordic cluster*: characterised by relatively high wages, good socio-economic security, good working conditions, higher participation in training and large availability of care facilities. Employment rates and productivity levels are also high. In this group we found the Scandinavian countries but also the United Kingdom and the Netherlands.
- *Continental cluster*: countries in this cluster rank in an intermediate-to-high position, close to the EU average, in terms of socio-economic security and working conditions as well as in training and education terms, associated with lower performances in terms of employment rates, notably for specific groups (female and older workers). It includes Belgium, France, Germany, Austria, Luxembourg, but also Ireland, Cyprus and Slovenia.
- *Southern cluster*: characterised by overall unfavourable performance in terms of job quality expressed through intermediate-to-low scores in terms of socio-economic security, wages, training and working conditions, and lower employment rates and productivity. In this group we find Greece, Portugal, Spain, Italy and also Malta. Results indicate also the negative qualitative effects of the importance of labour market segmentation in Spain, Portugal and Greece.
- *New Member States' cluster*: countries in this cluster have lower scores in terms of socio-economic security and some aspects of working conditions (higher exposure to health risks but lower work intensity). However, they also rank better concerning initial levels of education. If levels of productivity are low the growth of productivity levels is nevertheless high, which is characteristic of 'catching-up' countries. In this group, Poland, Slovakia and Romania are performing less well than the other Eastern countries such as Czech Republic, Hungary, Bulgaria and Baltic countries.

This clustering among European countries concerning job quality underlines that there are significant differences between European countries. What is also remarkable is that nearly all attempts of clustering of European countries, whatever the perspective and the indicators used may be, finally determine more or less the same clusters of countries. Indeed, these clusters of job quality are quite similar and coherent with those defined through approaches focused on various angles in the literature (welfare institutions, types of capitalism, industrial relations, production regimes, employment regimes, flexicurity, and so on). Of course, some countries are shifting from one cluster to another depending on the perspective and indicators used. Ireland or the Netherlands are well-known examples of these "border-line" countries. The recent enlargements of the EU have also made the picture more complex and introduced a new cluster, with also some internal outliers such as

Slovenia which is closer of Continental countries or Cyprus and Malta which are closer of the Mediterranean countries' situation. The economic catching-up of the new Member States will contribute to blur the borders of these clusters, although it will take time, as shown by countries such as Spain, Portugal or Greece which are still characterised by more negative patterns of job quality than the countries composing the EU when they join it. Peña-Casas and Pochet, analysing the four waves of the Working Conditions Survey of the European Foundation in a QWE perspective, show that there has been a convergence since 1995 between countries of the EU-15 in terms of job quality (excepted in the Mediterranean group), but that this convergence is more towards the average rather than upwards (small decrease in Nordic countries, increase in Anglo-Saxon countries and stability in Continental group of countries). However, the enlargements of the EU and the relative permanence of low job quality in Mediterranean countries has also contributed to an increased divergence within the EU in itself, leading to an amplified bipolarity in terms of QWE, although there are signs of catching-up (Peña-Casas and Pochet, 2009).

But above all, the relative resilience of these observed aggregations among EU countries show that institutions and policies play an important role, notably on the outcomes in terms of quality of work and employment. According to Gallie, which review the issue of job quality in the perspective of some of these institutional perspectives, it is the "employment regime" perspective - based on the consideration of differences in the institutional systems of employment regulation - which is the most convincing approach to explain differences in capitalist societies when analysing the factors affecting quality of work (Gallie, 2008).

## Conclusions

In this paper we review the approach of QWE developed in the European social policy arena and particularly in the European Employment Strategy. The EU conceptual framework, and the indicators supporting it, may not appear at first glance as the most accurate from a scientific perspective. Indeed, even if present in the conceptual dimensions, some crucial indicators for the assessment of QWE in EU are missing, notably 'decent' pay, but also work intensity, elements relative to learning and training as well as social dialogue items. But in comparison to other 'academic' conceptual frameworks it offers also a wider vision of QWE as it includes a policy perspective on labour markets under different aspects such as inclusion, gender equality and non discrimination issues which are not taken into account generally, despite their importance. This EU framework combines in a multidimensional perspective a mix of subjective and objective elements to define QWE. We underline also that this conceptual framework is above all a policy framework and that is why it is important. QWE is not only an academic field of interest but also a crucial policy dimension for the EU. Improving QWE concerns not only the raise of employment rates and economic growth, as the current narrowed focused EES or Growth and Jobs Strategy understand it, but constitutes

also an important dimension in the improvement of workers' and citizens' long-term well-being, which should be at the heart of the EU policy perspective. As such, the QWE framework introduced in the initial Lisbon Strategy reflects a 'vision' of Europe oriented towards social quality as the cornerstone of the 'virtuous' synergies between economic, employment and social policies. QWE is also a fundamental element of the so-called European social Model(s), which constitutes one of the most significant positive distinction of EU as a region in the world. Despite the political weakening in EU policy arena observed in the recent years, and the confusion introduced in the perception of its nature, QWE and its various dimensions are still present in the EU policy framework, and there is a need to re-establish it at its real position in the policy priorities, if Europe really wants to achieve the ambitious objective set in the Lisbon Strategy across all its dimensions.

Regarding the tensions between quality and quantity of jobs, there are ambiguous coexisting visions. On one hand, some pieces of economic literature indicate that the relationship between QWE improvements and job creation are unclear or ambiguous. But on the other hand, the empirical results converge to indicate us a positive relationship between the improvement of QWE and employment and productivity growths. As underlined, it is striking that it is in the European countries with the best employment performances in terms of employment quantity and productivity that QWE is the higher, and that it is also mainly in these countries that improvements in the situation of workers in low quality jobs are also observed in recent years. The empirical results show also that there is a bipolarisation within EU-27 between groups of countries with on average a higher QWE and others with much lower achievements in terms of QWE. Although there is a catching-up movement, it will take time to reduce the difference.

Through the perspective on QWE we could also better highlight and understand the growing risk for European countries to experience a greater polarisation between a core of workers with high QWE while the rest of the workforce is reduced to lower quality dead-end jobs. The empirical results discussed above highlight the existence of this two-tier labour market in the EU. Better QWE and upward quality dynamics are necessary to increase quantity of employment by maximising inflows from unemployment into employment while lowering outflows into unemployment from jobs of low quality. The permanence in employment from those transiting from low to higher quality jobs is similar in importance to the rise of employment rate implied by increases in the inflow of unemployed people into low quality jobs. These results show that the reduction of unemployment could be achieved not only by the development of low quality jobs, as sometimes argued, but also by increasing the permanence on the labour markets of workers in low quality jobs through upward quality dynamics, preventing their premature return to unemployment. Europe has a crucial role to play to reduce the differences between countries and also between workers in the quality of jobs and employment, as results show that differences in national regulation framework still strongly explain the variability of QWE within the EU. There is a risk that the current economic crisis could be detrimental to the improvement of QWE in the name of economic rationalities. As mentioned above, it

is in the countries with the higher QWE that better employment and productivity growths are observed. Maybe that one lesson we should learn from this systemic crisis is the better resistance to external shocks of countries with highly developed social policies. And that investing in social quality and notably QWE is also a better investment for the future, in order to reach the still far ideas of sustainable growth and development.

The above mentioned results underline also the importance of a dynamic approach of QWE and the importance of developing the study of transitions in a lifecycle approach. Needless to say that following evolution across time of the (positive) developments in people's life is the best way to really assess the efficiency of policies. This focus on transitions has gained in importance in the analytical framework of EU policies these recent years, notably through the discourses relative to questions such as flexicurity and the development of approaches in terms of transitional labour markets. This points to the need to develop or improve longitudinal data sources, which despite their higher costs constitute crucial tools for better analytical and policy assessments. At European level the introduction of EU-SILC as a compulsory survey for all 27 EU Member States is an important step in this direction, although some limitations in sample size and in the available information of its rotating longitudinal panel could be a drawback from a detailed analytical perspective. Furthermore, the first four years longitudinal data of EU-SILC will unfortunately not be available until 2009 for the EU-25 countries and 2011 for the EU-27, which constitutes a serious limitation for the study of transitions for the present and near future periods.

Finally, we wish to conclude this state-of-the-art review by underlining some aspects of the analysis of QWE in EU that should be better investigated in the future, notably in the framework of the RECOWE network:

- Better study of the internal coherence and mutual influence of all the various dimensions and indicators of QWE;
- Study of the impact of EU and national institutional settings (labour market policies, social policies, social protection, industrial relations,...) on these dimensions and the overall QWE, with also a special focus on the new Member States;
- Study of the transitions (from good to bad quality jobs, from unemployment to employment and vice versa,...) including the new EU Member states in the framework;
- Better highlight the relative contributions of QWE and its various dimensions, and of upward quality transitions, not only to productivity, economic or employment growths but also social inclusion and more globally well-being of European workers and citizens.

<sup>1</sup> Despite that in European 'jargon' the term generally used is 'Quality in work' we prefer here to use the expression 'Quality of work and employment' as it is less ambiguous and express more clearly the dual nature of the issue. Words are not neutral, especially in the context of policy assessments, and the reference to 'work' as well as the use of the preposition 'in' implicitly focus the perception on issues more related to 'intrinsic' content of jobs.

<sup>2</sup> We must mention here that the qualitative vision of European policies was initiated during the Dutch Presidency in 1997, notably through the introduction of a policy approach in terms of 'social quality'. For an application of the social quality approach to the domain of employment in European context see Gordon et al (2002).

<sup>3</sup> Nevertheless in its Communication the European Commission underlines that *"the Community acquis in the fields of employment, social policy and equal opportunities in many respects goes beyond the international standards and measures which underpin the concept of decent work and incorporates the major principles of that concept. The ILO standards form the background to a number of policies, laws and collective agreements in the Member States and at European level. The standards and measures of the ILO also complement the acquis in areas which are not covered or only partly covered by legislation and Community policies, such as labour administration and inspection, trade union freedom, collective bargaining and minimum standards in terms of social security."* (European Commission, 2006:4) Let us notice that there is no reference to the European approach of QWE but only to the *acquis communautaire*, thus to a legal perception of QWE, and Decent Work, rather than an economic one.

<sup>4</sup> For a discussion of economic theory and research concerning QWE see also Davoine and Ehrel (2006) or Green (2006).

<sup>5</sup> For a detailed presentation and review of the concept of QWE of the European Foundation see Vermeylen (2005)

<sup>6</sup> We should mention here the difficulty to assess what is really meant by 'decent' levels of wages. A 'traditional' measure, used notably in the Decent Work indicators of the ILO (Ghai, 2003), is to consider a relative threshold corresponding to 50 or 60% of median wage. But this threshold is lower to the one generally used to assess low wages (2/3 of median wage), thus identifying *de facto* 'decent' wage with low wage, which is not without policy implications. Furthermore, even if we consider that a 'decent' level of wage should at minimum permit to avoid a poverty situation, studies on the working poor population show that individual wages are not necessarily the prominent factor of poverty among working poor households and that other factors such as household composition and work intensity as well as other sources of income for the household, such as those provided by social protection, play a major role in the situation of poverty of workers' households (Peña-Casas and Latta, 2004). This highlights the complexity of setting what should be considered as a decent level of wages and more generally of living.

<sup>7</sup> In the dimension 'intrinsic job quality' a key indicator concerning "transitions between non-employment and employment and within employment by pay level" is proposed and supported by a context indicator on "transitions between non-employment and employment and within employment by type of contract". In the dimension 'inclusion and access to the labour market' a key indicator on "transitions between employment, unemployment and inactivity" is completed by a context indicator on "transitions of unemployed people into employment and training".

<sup>8</sup> "Dead-end jobs" are either fixed term or short-term contracts or jobs without formal contract in non supervisory functions that do not offer any further employer-provided training. They may further be classified according to their pay/productivity as jobs with either low or decent pay and productivity, where pay/productivity is defined as "low" if below 75% of the country-specific median hourly wage and as "decent" otherwise. "Low pay/productivity jobs" are defined as those jobs that, despite their low pay of hourly wages below 75% of the country-specific median, offer at least job security or employer-provided training and career prospects. Hourly wages below 75% of the country-specific median indicate that these jobs are jobs of relative low productivity. "Jobs of reasonable quality" are



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jobs with at least decent pay/productivity and either relative job security or employer-provided training and career prospects. Finally, "jobs of good quality" are those jobs which offer decent pay/productivity but also relative job security combined with employer-provided training and career prospects. (European Commission, 2001b)



## Appendix

**Table A:** Recommended indicators of quality in work

*Source: Employment Committee, 2001*

DOMAINS	KEY INDICATORS	CONTEXT INDICATORS	INDICATORS TO BE DEVELOPED
1. intrinsic job quality	1. Transitions between non-employment and employment and within employment by pay level (source: European Community Household Panel – ECHP).	2. Transitions between non-employment and employment and within employment by type of contract (source: ECHP)	
		3. Satisfaction with type of work in present job (source: ECHP)	
2. skills, life-long learning and career development	4. Percentage of working age population participating in education and training (source: Labour force survey – LFS).	5. Percentage of working age population participating in education and training by gender, age group (25-34, 35-44, 45-54, 55-64 and 25-64 years), working status and educational levels achieved (source: LFS)	
		6. Percentage of the workforce participating in job-related training by gender, age groups and economic activity (source: Continuing Vocational Training Survey - CVTS).	
		7. Share of the workforce, using computers at home and/or at the workplace for work purpose a) with and b) without job-related computer training (source: Eurobarometer survey on ICT and employment, November 2000)	
3. gender equality	8. Ratio of women's hourly earnings index to men's for paid employees at work 15+hours (source: ECHP).	9. Ratio of women's hourly earnings index to men's for paid employees at work 15+hours, adjusted for sector, occupation and age (source: ECHP)	Share of employed women with supervisory role at work compared with that of men.
		10. Employment rate gap of women compared with men (source: LFS)	
		11. Unemployment rate gap of women compared with men (source: Eurostat harmonised series on unemployment).	
		12. Gender segregation in sectors: The average national share of employment for women and men applied to each sector. The differences are added to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment (source: LFS)	

		13. Gender segregation in occupations: The average national share of employment for women and men applied to each occupation. The differences are added to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment (source: LFS).	
4. health and safety at work	14. The evolution of the incidence rate, defined as the number of accidents at work per 100.000 persons in employment (source: European Statistics on Accidents at Work – ESAW).		Occupational disease rates including new risks e.g. repetitive strain Percentage of workers exposed to stress
5. flexibility and security	15. Number of employees working voluntary and involuntary part-time as % of total number of employees and of those with voluntary and involuntary fixed-term contracts as % of total number of employees (source: LFS).  This should be accompanied by information on the extent to which part-time and fixed-term workers enjoy equivalent and commensurate entitlements to social protection and legal rights as full-time and permanent workers		Composite indicator on coverage of social security: entitlement to unemployment benefit, retirement pension and health insurance
6. inclusion and access to the labour market	16. Transitions between employment, unemployment and inactivity (source: LFS).	17. Transition of unemployed people into employment and training (source: LFS)	
		18. Total employment rate (source: LFS).	
		19. Employment rate by main age group and educational attainment levels (source: LFS).	

		<p>20. Total long-term unemployment rate by gender (source: Eurostat harmonised series u/e).</p> <p>21. Percentage of 18-24 year olds having achieved lower secondary education (ISCED level 2) or less and not attending further education or training, by gender and working status (source: LFS).</p> <p>22. Youth unemployment ratio: unemployment aged 15-24 as a percentage of the population aged 15-24 (source: Eurostat harmonised series u/e).</p>	
7. work organisation and work-life balance	23. Absolute difference in employment rates without the presence of any children and with presence of a child aged 0-6, by sex (age group 20-50) (source: LFS).	24. Children cared for (other than by the family) as a proportion of all children in the same age group. Broken down by before non-compulsory pre-school system, in non-compulsory or equivalent pre-school system, and compulsory primary education (source: national sources – at the moment, this indicator can only measure trends within each Member State).	Further work is needed to develop an indicator on care for dependants other than children.
			Further work is needed to develop an indicator on flexible working arrangements, in particular in relation to working time arrangements.
8. social dialogue and worker involvement		<p>Recognising the wide differences in arrangements, practice and traditions between Member States, the Committee believes that the best approach is to identify a range or menu of indicators and proposes to examine urgently, <i>inter alia</i>, the following possibilities:</p> <ul style="list-style-type: none"> <li>- measuring employee representation and involvement;</li> <li>- the percentage of employees covered by collective agreements;</li> <li>- the evolution of the number of days lost per 1000 employees in industrial disputes by economic activity (NACE), measuring trends within each Member State;</li> <li>- the proportion of employees with recognised worker representation;</li> <li>- the coverage of works councils and other forms of representation and involvement; and</li> <li>- trade union density.</li> </ul>	

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9. diversity and non-discrimination		26. Employment rate gap of 55-64 year olds (source: LFS).	Further work is needed to improve the data for these indicators and to extend them to include the pay gap and to cover other groups at a disadvantage in the labour market.
		27. The gap between the employment and unemployment rates for ethnic minorities and immigrants, taking into account the distinction between low and high level qualifications, as compared with the overall rates (source: currently national sources).	
		28. The gap between the employment and unemployment rates for disabled people, taking into account the distinction between low and high level qualifications, as compared with the overall rates (source: currently national sources).	
10. overall work performance	29. Growth in labour productivity, measured as change in the levels of GDP per capita of the employed population and per hour worked % (source: Eurostat, DG ECFIN).	30. Total annual output divided by the number of occupied population and of hours worked (source: Eurostat, DG ECFIN, OECD (working time)).	
		31. Percentage of working age population having achieved at least upper secondary education (ISCED level 3) by gender, age group (25-34, 35-44, 45-54, 55-64 and 25-64 years) and working status (source: LFS).	

**Table B:** Current status of QWE indicators in the EES

Source: *Employment Committee, (2006), Employment Guidelines (2005-08) - indicators for monitoring and analysis - endorsed by EMCO 19/09/06, doc. INDIC/17/111006/EN*

Note: in the column 'Other Use' the letter(s) *Q* stands for *Quality in work*, *SI* for the *OMC on social inclusion*, *SPC* for *Social Protection Committee*

**Guideline 17**

*Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion. Policies should contribute to achieving an average employment rate for the European Union (EU) of 70% overall, of at least 60% for women and of 50% for older workers (55 to 64) by 2010, and to reduce unemployment and inactivity. Member States should consider setting national employment rate targets.*

**Indicators for monitoring**

Indicator and definition	Targets in capitals	Subgroup	Other use
<b>17.M1 Employment rate. Source LFS</b> Persons in employment in age groups 15 – 64, 15 – 24, 25 – 54, 55 – 59, 60 – 64, 65 – 69 and 20 – 64 as a proportion of total population in the same age group.		TOTAL (15-64) WOMEN (15-64) OLDER (55-64) Age, sex	SI, SPC, Q18, Q19, Q26
<b>17.M5 Growth in labour productivity. Source ESA95</b> Growth in GDP per person employed and per hour worked			Q29

**Indicators for analysis**

<b>17.A4 Transitions by employment status. Source SILC</b> Transitions between employment, unemployment and inactivity from year n to year n+1.	Sex	Q16
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**Guideline 18****Promote a lifecycle approach to work through:**

- a renewed endeavour to build employment pathways for young people and reduce youth unemployment as called for in the Youth Pact;
- resolute action to increase female participation and reduce gender gaps in employment, unemployment and pay;
- better reconciliation of work and private life and the provision of accessible and affordable childcare facilities and care for other dependants;
- support to active ageing, including appropriate working conditions, improved (occupational) health status and adequate incentives to work and discourage early retirement;

- modern social protection systems, including pensions and healthcare, ensuring their social adequacy, financial sustainability and responsiveness to changing needs, so as to support participation and better retention in employment and longer working lives.

#### Indicators for monitoring

Indicator and definition	Subgroup	Other use
<b>18.M1 Youth unemployment ratio. Source ESTAT</b> Total unemployed young people (15-24 years) as a share of total population in the same age group	Total, sex	Q22
<b>18.M2 Gender pay gap. Mixed sources</b> Difference between men's and women's average gross hourly earnings as percentage of men's average gross hourly earnings (for paid employees)	Total, Pub/priv sector, age, education	SI, Q8
<b>18.M3 CHILD CARE2 . Source: national -2005, SILC 2006-Children cared for (by formal arrangements3other than by the family) up to 30h a usual week/30h or more a usual week as a prop. of all children of the same age group.</b>	Age: 0-2 / 3-MAND SCHOOL AGE/ Mand. school age -124	Q24
<b>18.A1 Employment gender gap. Source LFS</b> The difference in employment rates between men and women in percentage points, by age group (15-24, 25-54, 55-64) and by education level (less than upper secondary, upper secondary and tertiary education, according to the ISCED classification).	Total Age, education	Q10
<b>18.A3 Unemployment gender gap. Source ESTAT</b> The difference in unemployment rates between men and women in percentage points.		Q11
<b>18.A4 Gender segregation. Source LFS.</b> Gender segregation in occupations/sectors, calculated as the average national share of employment for women and men applied to each occupation/sector; differences are added up to produce a total amount of gender imbalance presented as a proportion of total employment (ISCO classification / NACE classification).	Occupations, Sectors	Q12, Q13
<b>18.A5 Employment impact of parenthood. Source LFS</b> The difference in percentage points in employment rates without the presence of any children and with presence of a child aged 0-6, by sex (age group 20 - 49).	Sex	Q23
<b>18.A8 Transitions by pay level. Source Transitions between non-employment and employment and within employment by pay level (gross monthly earnings) from year n to year n+15 .</b>	Sex	Q1



**Guideline 19**

**Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive through:**

- active and preventive labour market measures including early identification of needs, job search assistance, guidance and training as part of personalised action plans, provision of necessary social services to support the inclusion of those furthest away from the labour market and contribute to the eradication of poverty;
- continual review of the incentives and disincentives resulting from the tax and benefit systems, including the management and conditionality of benefits and a significant reduction of high marginal effective tax rates, notably for those with low incomes, whilst ensuring adequate levels of social protection; development of new sources of jobs in services to individuals and businesses, notably at local level.

**Indicators for monitoring****Indicator and definition Targets in capitals**

	Subgroup	Other use
<b>19.M1 Long-term unemployment rate. Source QLFD</b> Total long-term unemployed population (12 months or more) as a proportion of total active population	Sex	SI, SPC, Q20
<b>19.M5 Labour market gaps for disadvantaged groups. National sources</b> Gaps on the labour market, such as difference between the employment, unemployment and activity rates for a non-disadvantaged group in percentage points and the corresponding rates for the disadvantaged group (such as non-EU nationals, disabled people, ethnic minorities, immigrants, low skilled people, lone parents, etc. according to national definitions.)	Sex	Q27, Q28

**Indicators for analysis****19.A5 Transitions into employment/training Source SILC**

Transitions of unemployed people into employment and training from year n to year n+1.

Sex	Q17
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**Guideline 21**

**Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners, through:**

- the adaptation of employment legislation, reviewing where necessary the different contractual and working time arrangements;
- addressing the issue of undeclared work;
- better anticipation and positive management of change, including economic restructuring, notably changes linked to trade opening, so as to minimise their social costs and facilitate adaptation;
- the promotion and dissemination of innovative and adaptable forms of work organisation, with a view to improving quality and productivity at work, including health and safety;
- support for transitions in occupational status, including training, self-employment, business creation and geographic mobility;

See also integrated guideline «To promote greater coherence between macroeconomic and structural policies» (No.4).

#### Indicators for monitoring

Indicator and definition	Subgroup	Other use
<b>21.M1 Transitions by type of contract.</b> Source SILC Transitions between non-employment and employment and within employment by type of contract from year n to year n+1.6	Sex	Q2
<b>21.M2 Diversity and reasons for contractual and working arrangements.</b> Source LFS Total employees in part-time and/or fixed-term contracts plus total self-employed as % of persons in employment. Employees in non-standard employment (part-time and/or fixed-term) as % of total employees. (Breakdown by part-time, fixed-term, part-time and fixed-term.) Total self-employed as % of total persons in employment.	Pt/ft, reason, sex	Q15
<b>21.M3 Accidents at work.</b> Source ESAW	Fatal serious	SI, Q14

#### Indicators for analysis

<b>18.A8 Transitions by pay level.</b> Source SILC Transitions between non-employment and employment and within employment by pay level (gross monthly earnings) from year n to year n+1.	Sex	Q1
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#### Guideline 22

##### *Ensure employment-friendly labour cost developments and wage-setting mechanisms by:*

- encouraging social partners within their own responsibilities to set the right framework for wage bargaining in order to reflect productivity and labour market challenges at all relevant levels and to avoid gender pay gaps;
- reviewing the impact on employment of non-wage labour costs and where appropriate adjust their structure and level, especially to reduce the tax burden on the low-paid

See also integrated guideline «To ensure that wage developments contribute to macroeconomic stability and growth» (No.5).

#### Indicators for analysis

<b>22.A1 Labour productivity.</b> Source ESA 95 Gross domestic product (GDP) divided by number of persons employed and hours worked (GDP in PPS per person employed/per hour worked relative to EU25 average/EU-15 average)	Person employed, hour worked	SI, Q30
<b>17.M5 Growth in labour productivity.</b> Source ESA95 Growth in GDP per person employed and per hour worked		Q29

**Guideline 23****Expand and improve investment in human capital through:**

- inclusive education and training policies and action to facilitate significantly access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training;
  - reducing significantly the number of early school leavers;
  - efficient lifelong learning strategies open to all in schools, businesses, public authorities and households according to European agreements, including appropriate incentives and cost-sharing mechanisms, with a view to enhancing participation in continuous and workplace training throughout the life-cycle, especially for the low-skilled and older workers.
- See also integrated guideline « To increase and improve investment in R&D with a view to establishing the European Knowledge Area» (No.7).

**Indicators for monitoring**

Indicator and definition	Targets in capitals	Subgroup	Other use
<b>23.M2 YOUTH EDUCATION ATTAINMENT LEVEL. Source LFS</b> Percentage of the population aged 20 - 24 having completed at least upper secondary education (ISCED level 3 long). Annual average		<b>TOTAL, Sex</b>	Q31
<b>23.M3 EARLY SCHOOL-LEAVERS. Source LFS</b> Percentage of the population aged 18-24 with at most lower secondary education (ISCED level 2) and not in further education or training		<b>TOTAL, Sex</b>	SI, SPC, Q21
<b>23.M4 LIFE-LONG LEARNING. Source LFS</b> Percentage of the adult population aged 25-64 participating in education and training (over the four weeks prior to the survey); total, and by age group, working status and educational attainment. Annual average		<b>TOTAL, Age, working status, educ attainment – all by sex</b>	SI, Q4, Q5

**Indicators for analysis**

<b>23.A2 Participation in continuous vocational training. Source CVTS Share of employees participating in continuous vocational training (CVT)</b>	Sex	Q6
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